

# Australian Absolute Growth Fund (AUT)

(available to Australian tax residents only)



## October 2018

### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

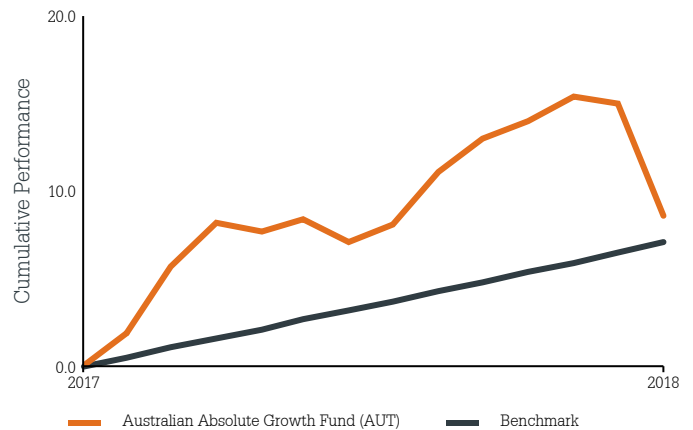
The Australian share market sold off with global equity markets in October, with the ASX 200 down 6.1% and ASX Small Industrials down 10.6%.

The Fund fared somewhat better but still suffered a 5.6% decline. The sell-off was led by high growth and cyclical stocks in the US which flowed through to their counterparts in Australia. As such, our worst performers were cyclical and growth stocks, although a few of our defensive stocks such as Collins Foods managed to rally.

During the month we came to the view that this market sell-off signalled the end of the bull market in growth stocks and that most will struggle to regain their September valuations. With this view, we sold two-thirds of our Corporate Travel Management position earlier in the month which proved fortunate as the stock fell sharply later in the month following allegations by a short-seller. Although we think these allegations are mostly unfounded, we believe Corporate Travel will struggle to regain its prior valuation given our macro view on growth stocks.

We are retaining a reasonably defensive position in the Fund. While markets may rebound to recent highs, we think risks are increasing in the medium-term as economies around the world reach their peaks. The Australian outlook has also worsened as the housing market is declining faster than we expected.

### Investment Performance to October 2018\*



\* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

### Key Fund Facts

<b>Objective</b>	Absolute returns with an annualised return of 5% above the benchmark while seeking to preserve investor capital
<b>Description</b>	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities, fixed interest securities and cash. May use derivatives and foreign currency hedging.
<b>Benchmark</b>	RBA Cash Rate + 5% p.a.
<b>Redemption Price</b> <small>as at 31 Oct</small>	\$1.0402
<b>NAV</b> <small>as at 31 Oct</small>	\$85.9 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$20,000

<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.20%
<b>Entry/Exit Fee</b>	Nil
<b>Distribution Frequency</b>	Annual (30 June)
<b>Management Fee*</b>	1.00%
<b>Capped Expense Recovery*</b>	0.10%
<b>Performance Fee*</b>	15% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily

\* Fees are stated exclusive of GST.

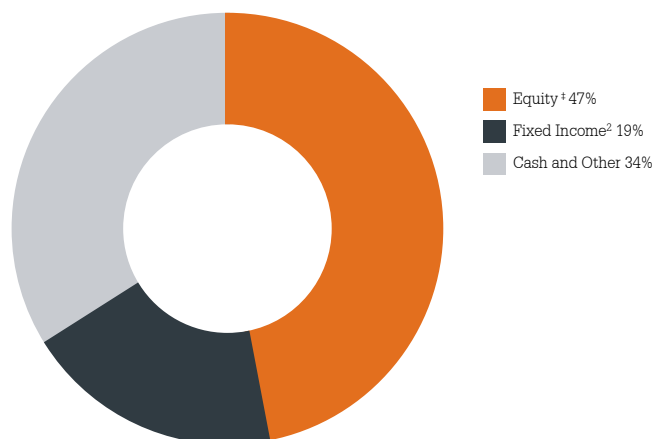
## Investment Performance to October 2018<sup>1</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) <sup>**</sup>
Australian Absolute Growth Fund (AUT)	-5.57%	0.45%	6.55%	-	-	7.93%
Benchmark	0.53%	3.20%	6.50%	-	-	6.52%

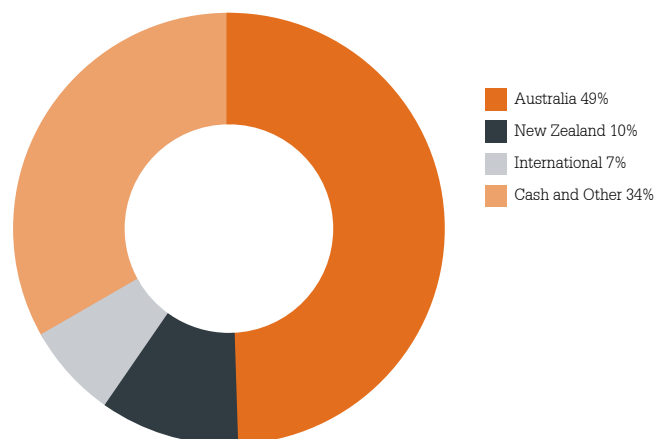
\* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

\*\* Inception date of the Fund is 2 October 2017

## Current Asset Allocation<sup>1</sup>



## Current Country Allocation<sup>1</sup>



## Top Security Holdings

Holdings	% of Fund's NAV
ANZ 2.14% 2018	3.89%
ANZ 2.07% 2018	3.89%
Transurban Group	3.60%
Orora	3.32%
Aristocrat Leisure	3.22%
Collins Foods	3.06%
Unibail-Rodamco-Westfield	2.31%
Scentre Group	2.19%
Credit Corp Group	2.06%
Evolution Mining	1.84%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

<sup>1</sup>The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

<sup>2</sup>Includes term deposits held by the Fund

<sup>3</sup>Equity will be the net amount, ie the total long less any shorts.

<sup>4</sup>Typically the country in which the company issuing the share/bond primarily operates

## Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

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